

CENTRAL INTELLIGENCE AGENCY

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S-E-C-R-E-T

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SOURCE EVALUATIONS ARE DEFINITIVE APPRAISAL OF CONTENT IS TENTATIVE.

1. At Siofok on Lake Balaton there are several new factories making machine tools on the left side of the main road going west. 25X1
2. At Tihany on the north side of Lake Balaton there is a new factory of 10-12000 sq. ft. employing 400 making gear boxes and hydraulic drives for machine tools.
3. At Szekesfehervar on the outskirts of the town there are two machine-tool factories approximately 10-12000 sq. ft., one employing 400 making grinding machines and the other 250 making hydraulic units and grinding heads for machine tools. There is also a small factory of about 5000 sq. ft. employing 50 to 80 persons who were machining castings. 25X1
4. The machines used at Szekesfehervar are mainly of modern German and Czech design. Their production methods are up-to-date. About 35 per cent. of the employees were women and several of the technicians spoke good English with American accents. 25X1
5. The total production of grinding machines is stated to be 40 to 50 in three months. 25X1
6. Certain bottlenecks were evident in the sub-assembly sections of both plants owing to a shortage of skilled labor. Training schools are being operated at the factories to overcome this difficulty. 25X1
7. The Rakosi Matyas Works at Csepel have about 40,000 employees. There has been some modernisation of plant in the past two years. The electronic section is very advanced and well equipped with most modern equipment. 25X1
8. The E2N lathe is made at this plant at the rate of 10 a month for each of the four types. 25X1

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(Note: Washington distribution indicated by "X"; Field distribution by "#")

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9. The plant is mainly [] Czech design and production methods are highly efficient and modern. The products, however, are not of modern design except for:
- a. Milling machines, universal and vertical type [] 25X1
[] 25X1
 - b. Radial and pillar drilling machines - [] 25X1
 - c. Universal grinder - [] 25X1
10. Materials used for production, methods, and finished product are up to the standard [] Milling machines are available from stock; the production rate is 15 per month and 20 radial drilling machines could be made available [] A bottle-neck in assembly was noticeable. 25X1
11. Security measures are severe. All visits are accompanied by two or more representatives from Technoimpex. On arrival at the factory two or more police officials would join the party, but the latter never took part in any conversation. A warning was given that no photographs could be taken.
12. Technoimpex now has a showroom near their office building and a number of small manufacturing units employing from 8 to 20 persons making spares for industry have been started recently in and around Budapest. These are mainly temporary, often being in garages, and will be abandoned when new factories are completed. The area planned for new factories for machine tools, electrical and light engineering is at the southwest end of Lake Balaton bounded by Győr, Szombathely, Nagykanizsa, and up to the lake. Another new factory area is Pestszenterzsébet, Soroksár, and south of Csepel.
13. An agreement was signed with Technoimpex [] for radial drilling machines, universal grinders, and milling machines. The payment terms were for three months' credit. After the first order [] final-ized consignment stock [] with nine months' credit. Interest was expressed in barter trade and requirement for one each [] portable radial drilling machine and [] cutter grinding machine. 25X1
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